

Application for Chapter 40B Project Eligibility/Site Approval for MassHousing-Financed and New England Fund ("NEF") Rental Projects

Section 5: FINANCIAL INFORMATION – Site Approval Application Rental 40B

In order to issue Site Approval, MassHousing must find (as required by 760 CMR 56.04 (4)) that an initial pro forma has been reviewed and that the Proposed Project appears financially feasible and consistent with the Chapter 40B Guidelines, and that the Proposed Project is fundable under the applicable program.

Name of Proposed Project: 20 Westminster

Initial Capital Budget (please enter "0" when no such source or use is anticipated)

Sources

Description	Source	Budgeted
Private Equity	Owner's Cash Equity	0
Private Equity	Tax Credit Equity	0
Private Equity	Developer Fee Contributed or Loaned	0
Private Equity	Developer Overhead Contributed or Loaned	0
Other Private Equity		0
Public/Soft Debt	AHTF	582,000
Subordinate Debt	NSC HOME & Town CDBG	1,700,000
Permanent Debt	Brookline Bank	650,000
Permanent Debt		0
Construction Debt	<i>For informational purposes only, not to be included in Sources total</i>	650,000
Additional Source (please identify)	FHLB	314,000
Additional Source (please identify)	HUD McKinney	314,000
Total Sources		\$ 3,560,000

Pre-Permit Land Value, Reasonable Carrying Costs

Item	Budgeted
Site Acquisition: pre-permit land value (to be determined by MassHousing commissioned appraisal) plus reasonable carrying costs.	

Uses (Costs)

Item	Budgeted
Acquisition Cost (Actual)	
Actual Acquisition Cost: Land	
Actual Acquisition Cost: Buildings	1,100,000
Subtotal – Acquisition Costs	1,100,000
Construction Costs – Building Structural Costs (Hard Costs)	
Building Structure Costs	1,350,000
Hard Cost Contingency	135,000
Subtotal – Building Structural Costs (Hard Costs)	1,485,000
Construction Costs – Site Work (Hard Costs)	
Earth Work	38,000
Utilities: On Site	
Utilities: Off-Site	
Roads and Walks	35,000
Site Improvement	16,000
Lawns and Planting	20,000
Geotechnical Condition	
Environmental Remediation	
Demolition	
Unusual Site Conditions/Other Site Work	
Subtotal –Site Work (Hard Costs)	109,000
Construction Costs – General Conditions, Builders Overhead and Profit (Hard Costs)	
General Conditions	50,000
Builder's Overhead	65,000
Builder's Profit	65,000
Subtotal – General Conditions Builders Overhead and Profit (Hard Costs)	180,000
General Development Costs (Soft Costs)	
Appraisal and Marketing Study (not 40B "as is" appraisal)	15,000
Marketing and Initial Rent Up (include model units, if any)	20,000
Real Estate Taxes (during construction)	8,000
Utility Usage (during construction)	2,500
Insurance (during construction)	20,000
Security (during construction)	
Inspecting Engineer	

Item	Budgeted
General Development Costs (Soft Costs) - Continued	
Fees to Others	
Construction Loan Interest	
Fees to Construction Lender	50,000
Fees to Permanent Lender	
Architecture/Engineering	
Survey, Permits, etc.	157,500
Clerk of the Works	12,000
Construction Manager	
Bond Premiums (Payment/Performance/Lien Bond)	
Environmental Engineer	7,500
Legal	45,000
Title (including title insurance) and Recording	12,500
Accounting and Cost Certification (incl. 40B)	15,000
Relocation	51,000
40B Site Approval Processing Fee	5,000
40B Technical Assistance/Mediation Fund Fee	
40B Land Appraisal Cost (as-is value)	
40B Final Approval Processing Fee	
40B Subsidizing Agency Cost Certification Examination Fee	
40B Monitoring Agent Fees	
MIP	
Credit Enhancement	
Letter of Credit Fees	
Other Financing Fees: Tax Credit Allocation Fee	
Other Financing Fees	22,500
Development Consultant	2,500
Other Consultants (describe) _____	
Other Consultants (describe) _____	
Syndication Costs	
Soft Cost Contingency	30,000
Other Development (Soft) Costs	
Subtotal - General Development Costs (Soft Costs)	476,000
Developer Fee and Overhead	
Developer Fee	100,000
Developer Overhead	50,000
Subtotal - Developer Fee and Overhead	150,000
Capitalized Reserves	
Development Reserves	
Initial Rent-Up Reserves	
Operating Reserves	
Net Worth Account	
Other Capitalized Reserves	60,000
Subtotal - Capitalized Reserves	60,000

Summary of Subtotals

Item	Budgeted
Acquisition: Land	
Acquisition: Building	1,100,000
Building Structural Costs (Hard Costs)	1,485,000
Site Work (Hard Costs)	109,000
Builder's Overhead, Profit and General Conditions (Hard Costs)	180,000
Developer Fee and Overhead	150,000
General Development Costs (Soft Costs)	476,000
Capitalized Reserves	60,000
Total Development Costs (TDC)	3,560,000
Summary	
Total Sources	3,560,000
Total Uses (TDC)	3,560,000

Projected Developer Fee and Overhead*: 150,000

Maximum Allowable Developer Fee and Overhead**: 424,000

Projected Developer Fee and Overhead equals 35% of Maximum Allowable Fee and Overhead

* Note in particular the provisions of Section IV.B.5.a of the Guidelines, which detail the tasks (i) for which a developer may or may not receive compensation beyond the Maximum Allowable Developer Fee and Overhead and (ii) the costs of which must, if the tasks were performed by third parties, be included within the Maximum Allowable Developer Fee and Overhead.

** Maximum Allowable Developer Fee and Overhead is calculated as follows: 5% of acquisition costs, plus 15% of the first \$3 million of fee-based development costs, plus 12.5% of fee-based development costs between \$3 and \$5 million, plus 10% of fee-based development costs in excess of \$5 million (Per DHCD QAP Guidelines).

Initial Unit/Rent Schedule

Affordable Units @ 80% AMI	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Number of Units	1	3	1		
Number Square Feet	255	660	864		
Monthly Rent	983	1052	1263		
Utility Allowance	109	141	188		

Affordable Units @ 50% AMI	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Number of Units		2	1	1	
Number Square Feet		660	864	1064	
Monthly Rent		1316	1643	2071	
Utility Allowance		50	66	82	

Describe utility allowance assumptions (*utilities to be paid by tenants*): heat hot water and electric will be paid by tenants. Arlington Housing Authority allows only heating costs to be counted in their utility allowance.

Market Rate Units	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Number of Units					
Number Square Feet					
Monthly Rent					

Initial Rental Operating Pro-Forma (for year one of operations)

Item	Notes	Amount
Permanent Debt Assumptions		
Loan Amount	Lender: Brookline Bank	650,000
Annual Rate	interest write down from FHLB	4%
Term	25	
Amortization	25	
Lender Required Debt Service Coverage Ratio	1.15	
Gross Rental Income		125,100
Other Income (utilities, parking)		
Less Vacancy (Market Units)	5% (vacancy rate)	
Less Vacancy (Affordable Units)	5% (vacancy rate)	6,255
Gross Effective Income		118,845
Less Operating Expenses	Per Unit: 7945	71,507
Net Operating Income		47,338
Less Permanent Loan Debt Service		41,717
Cash Flow		6,167
Debt Service Coverage		1.15

Describe "other income": _____

Rental Operating Expense Assumption

Item	Notes	Amount
Assumed Maximum Operating Expenses	Calculated based on Net Operating Income, Debt Service and required Debt Service Coverage listed above.	71,507
Assumed Maximum Operating Expense/Unit*	Number of Units: 9	7945

* MassHousing may request further detail regarding projected operating expenses if such expenses appear higher or lower than market comparables.